

Honorable Troy L. Nunley  
United States District Judge  
United States District Court for the Eastern District of California

Preliminary Injunction – January 5, 2024  
Interim Report of Temporary Federal Receiver  
Kenneth R. Jones

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

United States of America,  
Plaintiff,  
v.  
CB SURETY, LLC, et al.,  
Defendants.

Civil Case No. 2:23-cv-02812-TLN-DB

Interim Report of Temporary Federal Receiver

On December 7, 2024, a temporary restraining order (“TRO” or “order”) was unsealed and appointed me as temporary receiver over the “CB Surety LLC, Peak Bakery LLC, Cascades Pointe at Clemson, LLC, KP Testing, LLC, Motion Media Marketing Inc., SJC Financial Services Inc., Reseller Consultants, Inc., Ambragold, Inc., Think Processing LLC, and Bass Business Consultants.” *See* ECF No. 7.

The Court’s order was based, in part, on the affidavit of US Postal Inspector Jason Chung. *See* ECF No. 2-3.

The Receiver’s First Interim Status Report was submitted to the court on December 29, 2023. On January 5, 2024, the Court issued a preliminary injunction in this matter, continuing the interim receivership and directing that the Receiver file a subsequent every 60 days. *See* ECF No. 35.

The contents of this Interim Status Report will focus largely on the actions taken since the last interim report and only reference items previously reported as they pertain to recent actions.

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**I. Status of the office facility at the Rancho Dr. Las Vegas location**

The office facilities at the Rancho Dr. location were the site of several Receivership Entities, to include Reseller Consultants, Inc., Ambragold, Inc., Won it All, Inc. and Run it Up, Inc. During the first several months of the Receivership, information was not forthcoming about the operations of the Receivership Entities until, as Receiver, over time, independent fact finding largely determined the role of the Receivership Entities. Initial fact finding suggests that the employees at the Rancho Dr. location had been associated with Reseller Consultants, Inc. and Ambragold, Inc. and subsequently with Won it All, Inc. and Run it Up, Inc.

Additionally, in March 2024, employee interviews were conducted on site at the Rancho Dr. location. Not all employees agreed to be interviewed. Most of those who were interviewed had found other employment but were willing to discuss their role and were happy to have access to the office to retrieve personal items.

It was also during this time frame that it was determined that most of the employees were employees of Won it All, Inc. At that time, Won it All, Inc. and Run it Up, Inc. were not Receivership Entities.

On August 6, 2024, the Court granted Plaintiff's motion to include Won it All, Inc. and Run it Up, Inc. as Receivership Entities. *See* ECF No. 82. Subsequently, there have been no known assets related to Won it All, Inc. and Run it Up, Inc. available to the Receiver.

Closure of the office space at Rancho Dr. Las Vegas:

The lease of the Rancho Dr. office facility was initially under the name of Ambragold, Inc. and subsequently changed to Reseller Consultants, Inc.

The monthly cost of maintaining the office space was approximately \$6,000 (\$4,915.93 for monthly rent, \$75 for parking and additional costs of approximately \$800 - \$1,000 for utilities and security through ADT).

As Receiver, I made the decision to close the office. Note, this is merely a decision to close the office space, not to dissolve any Receivership Entities. On September 26, 2024, a lease termination letter was signed with the landlord/property manager of the office space.

Office furniture and equipment:

Over a five-month period beginning in April 2024, the Receivership reached out to multiple firms seeking to offload the office equipment for the closure of the Reseller Consultants offices at 501 S Rancho Drive. In that timespan both local and national liquidation firms were engaged in discussions regarding the value of the property at the offices.

The Reseller Consultants offices, which were approximately 5,000 sq ft, contained items such as desks, cubicles, monitors, and chairs. There were only approximately 12 cubes on the premises and 7 desks.

Companies both toured the facility to assess office equipment in person or reviewed office equipment via index lists and pictures. The quotes from liquidators all resulted in the same general consensus, the office furniture market is currently "saturated" and the age, style, and quality of equipment at the Reseller Consultants offices was not sufficient to interest any firm in purchasing for resale. Most firms offered no

quote as they would not take any of the property and suggested we engage a firm to “junk out” the offices.

It was determined that the most appropriate course of action would be to donate the equipment due to the lack of value, something that could be done at the same cost as “junking out” the office and putting the equipment in a dumpster.

In late July 2024, the landlord reached out to the Receivership about potentially terminating the lease. There was no early termination clause with the lease and this timing coincided with the plans to exit the office. As a result, it was decided the offices would be vacated by the end of September 2024.

As the Receiver, I engaged with Move4Less Commercial FF&E Services. In addition to being one of the firms that assessed the potential value of equipment, this firm was capable of packing and moving relevant documentation the Receivership deemed worth retaining. The total cost of packing and preparing the offices for return to the landlord was \$9,460, which is less than two months’ rent and utilities.

On September 25, 2024, the Receivership oversaw the packing of corporate records and removal of office equipment at 501 S Rancho Drive. Office equipment was donated to Goodwill Industries and delivered to their facilities by Move4Less. Corporate records were shipped to Dallas, TX for storage where it is maintained in a secure storage facility by the Receivership.

Ongoing monthly costs are now \$44 per month compared to the \$6,000 monthly office space costs.

## **II. Forensic Technology Update**

To date, the Receivership has captured and analyzed a significant number of corporate records and data. In addition, the DOJ has recently provided additional data to the Receiver that was seized from the Defendants, Receivership Entities, and/or third parties (including banks), which, together with the Receiver’s data collection, will help the Receiver form a complete understanding of the facts. The Receiver is still reviewing and analyzing those additional materials.

## **III. Receivership expenses summary through May 31, 2024:**

The total amount of funds spent since the last Receivership report, through May 31, 2024, were \$108,948.26.

### *Fact Gathering*

A large portion of the funds spent during this period were spent on closing the Rancho Dr. Las Vegas Office and focusing on Receivership Entities not located at Rancho Dr., Las Vegas.

Examples of tasks included within this category include (1) review of corporate documents at the Rancho Dr. location prior to the closure of the office; (2) compiling relevant documentation and preparing them for transit and storage; (3) collecting additional corporate records on Receivership Entities outside of the Rancho Dr. location; and (4) creation of Receivership status report.

### *Preparation of Taxes*

Hourly fees have been incurred relating to the preparation and filing of extensions of federal and state tax returns for the various Receivership Entities.

Evidence tracking and Preserving data

Forensic technology resources available to the Receiver have continued to access and store corporate records, largely from those Receivership Entities not located at the Rancho Dr. location.

Document Requests A number of funds spent throughout the month have been in relation to gathering, communicating, and providing various documents to various government agencies as per the stipulation of the order. The Receiver has made an effort to make sure only the appropriate documents responsive to the requests are provided and in a timely manner.

Project Management

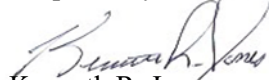
The final category of funds spent through May 31, 2024, is related to general project management. This includes internal meetings to coordinate priorities, discussions with counsel, and drafting of requests. A detailed invoice for time spent by the Receiver along with those I have deemed necessary is available at the request of the Court.

Summary of Expenses for Receivership Counsel

Since the last report, the Receiver incurred \$23,113.50 in expenses for professional services from counsel at DLA Piper LLP (US). The expenses for professional services from counsel at DLA Piper LLP (US) for the month of July 2024 were \$6,103.50 and for August they were \$17,010.00.

These fees included analysis of the Court's order expanding the Receivership to cover additional entities, conferring with counsel for Defendants, conferring with DOJ, and advising on requests for information to support the Receiver's duties under the Preliminary Injunction. A detailed invoice for time spent by Counsel is available at the request of the Court.

Respectfully submitted,



Kenneth R. Jones

Temporary Federal Receiver